

**Request for Response**

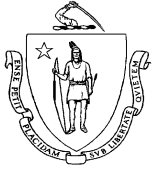
**RFR# 13-DC-LSR**

**Commonwealth of Massachusetts IRC 457 Deferred Compensation Plan  
Investment Management Services- Active Large Cap Value, Active Large  
Cap Blend, Active Small Cap Equity and Active REIT Investment  
Management**

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## Request for Response Office of the State Treasurer and Receiver-General

**Address:** One Ashburton Place, 12th Floor, Boston, Massachusetts 02108

**Telephone #:** (617) 367-3900

**Internet Address:** <http://www.state.ma.us/treasury>

**RFR File Name/Title:** IRC 457 Deferred Compensation Plan – Investment Management Services Active Large Cap Value, Active Large Cap Blend, Active Small Cap Equity and Active REIT.

**RFR File Number:** 13-DC-LSR Investment Manager - Active Large Cap Value, Active Large Cap Blend, Active Small Cap Equity and Active REIT.

**RFR Contact Person:** Deirdre Richardson

### I. SUMMARY AND PURPOSE

The Treasurer and Receiver-General of the Commonwealth of Massachusetts, requests responses from qualified firms interested in providing, Active Large Cap Value, Active Large Cap Blend, Active Small Cap Equity and Active REIT investment management services to the Commonwealth of Massachusetts IRC 457 Deferred Compensation Plan. The Treasury reserves the right to utilize any options contemplated in this RFR as a diversifier in any custom portfolio(s) contemplated by the Plan. More detailed descriptions of these services are set forth under Section VI.A. "SCOPE OF SERVICES." Additionally, the State Treasurer and Receiver-General reserves the right to contract with the Bidder(s) that are awarded the contract(s) for the Commonwealth's Deferred Compensation Plan, to provide the same or similar services contemplated by this RFR, under the same or similar terms for any Commonwealth sponsored retirement plan(s) established for employees of non-profit organizations. (Please see Section VI.A. "SCOPE OF SERVICES" for more information with respect to this aspect of the RFR).

Investment Managers submitting responses are subject to the provisions in SECTION IV ("SPECIFICATIONS, REQUIREMENTS & COMPONENTS") and must meet the PHASE I requirements/criteria detailed in Section V, Subsections A & B ("MINIMUM QUALIFICATIONS" and "LEGAL AND OTHER REQUIREMENTS") and submit mandatory documents as described in Section V, Subsection C ("MANDATORY ATTACHMENTS AND ENCLOSURES").

### II. GENERAL INFORMATION

To the maximum extent possible the Office of the State Treasurer and Receiver-General (the "Treasury") is following the rules and regulations set forth in 801 Code of Massachusetts Regulations ("CMR") 21.00: Procurement of Commodities and Services in this Request for Response ("RFR"). All terms, conditions, requirements, and procedures included in this RFR must be met for a response to be qualified as responsive. A response that fails to meet any material term, condition, requirement or procedure of this RFR may be deemed unresponsive and disqualified. The Treasury reserves the right to waive or permit cure of non-material errors or omissions. **The Treasury and the subject Procurement Management Team (PMT) reserves the right to modify, amend or cancel the terms of the RFR at any time.** Unless otherwise specified, all communications,

responses, and documentation regarding this RFR must be in English, all measurements must be provided in feet, inches, and pounds and all cost proposals or figures in U.S. Currency. All responses must be submitted in accordance with the specific terms of this RFR.

This RFR is in accordance with the World Trade Organization Government Procurement Agreement.

Copies of this RFR may be obtained electronically on Comm-PASS at <http://www.comm-pass.com/>.

### **III. RFR CALENDAR, INSTRUCTIONS & EVALUATION PROCESS**

#### **A. RFR CALENDAR / TIMELINE**

This section provides the anticipated timeline for the Office of the State Treasurer and Receiver-General's RFR and vendor selection process with respect to the services sought herein. All dates are subject to modification by the Office of the State Treasurer and Receiver-General at any time, with notice.

- Issuance of RFR August 9, 2013
- Bidders' Conference September 6, 2013, 10:00AM

The Bidders' Conference will be held in person at One Ashburton Place, 21st floor, Boston, MA 02108.

- Bidder Question Deadline September 10, 2013, 4:00PM
- Post Answers to Bidder Questions September 13, 2013  
(posted on Comm-PASS at <http://www.comm-pass.com/> & <http://www.mass.gov/treasury>)
- RFR Bidder Submission Deadline September 30, 2013, 4:00PM
- Interviews / Oral Presentations (At the option of the PMT) TBD  
(estimated schedule subject to change)
- Approximate Notification of Apparent Successful Bidder TBD

NOTE: Questions concerning the RFR must be submitted to the RFR Contact Person in writing:

Deirdre Richardson, Chief Financial Officer  
Office of the State Treasurer and Receiver-General  
ATTN: Deferred Comp RFR IMS 2013  
One Ashburton Place, 12<sup>th</sup> Floor  
Boston, Massachusetts 02108  
E-mail Address: [procurements@tre.state.ma.us](mailto:procurements@tre.state.ma.us)

#### **B. RFR INSTRUCTIONS**

1. **Response Submission.** The original, and five (5) USB memory sticks (or equivalent USB storage device) of the Bidder's response and attachments must be delivered to the Office of the State Treasurer and Receiver-General in the same sealed package no later than **4:00 p.m. EDT on, September 30, 2013.**

**THE COST PROPOSAL MAY BE SUBMITTED IN THE SAME PACKAGE AS THE REST OF THE RESPONSE, BUT MUST BE SUBMITTED UNDER SEPARATE COVER IN A SEPARATE SEALED ENVELOPE LABELED “COST PROPOSAL”. DO NOT INCLUDE ANY COST PROPOSALS ON THE MEMORY STICKS. FAILURE TO MEET THIS REQUIREMENT MAY RESULT IN DISQUALIFICATION OF THE BID.**

Responses and attachments received after this deadline date and time will not be evaluated. A facsimile response will not qualify as a “submission” for deadline purposes in advance of or in lieu of a hard copy submission.

**Responses and attachments should be delivered to:**

Deirdre Richardson  
Chief Financial Officer  
Office of the State Treasurer and Receiver General  
ATTN: Deferred Comp RFR IMS 2013  
Investment Mgmt. Procurement  
One Ashburton Place, 12<sup>th</sup> Floor  
Boston, Massachusetts 02108

**Response Format.** Failure to follow these formatting requirements may result in the disqualification of the Bidder’s response. Bidders are required to use the response template provided by double clicking the link below (when viewed using MS Word) or also can be downloaded from Comm-PASS. The response template contains all required elements of a valid proposal response as indicated below:



LSR RFR Response  
Template 081613 As ,

- a. Cover Letter
- b. Executive Summary
- c. Statement of Minimum Qualifications
- d. Legal and Other Requirements
- e. Representations and Warranties
- f. Disclosure Statement
- g. Phase Two Questionnaire(s)
- h. Mandatory Attachments
- i. Cost Response**

If the Bidder intends to submit a response (and propose a product) for more than one mandate (see SECTION VI.A. – “SCOPE OF SERVICES”) bidders should follow the checklist instructions on page 2 of the Response Template for clarity on what documents must be provided.

**Note:** Bidders who provide a response/proposal for more than one mandate need only submit one set of mandatory attachment forms (1 original and 5 USB compatible memory sticks or equivalent USB storage device per Section III.B.1) with the exception of the Attachment A – Cost Proposal and Attachment B, “Representations and Warranties.” In so doing the Bidder agrees that the mandatory attachments, including but not limited to the Commonwealth Standard Contract Form and the Commonwealth Terms and Conditions, are applicable to its proposals for all mandates for which the Bidder has submitted a response.

Bidders must complete and submit the Questionnaire(s) that corresponds with the mandate(s) for which the Bidder is submitting a bid (See Response Template pages 12-36). Note there

are separate questionnaires for each mandate: Active Large Cap Value, Active Large Cap Blend, Active Small Cap Equity and Active REIT investment management services.

**NO COST INFORMATION SHALL BE INCLUDED ANYWHERE IN THE RESPONSE EXCEPT IN A SEPARATE SEALED ENVELOPE.** (*see* SECTION III.B.2)

2. **Cost Proposal.** THE COST PROPOSAL MAY BE SUBMITTED IN THE SAME PACKAGE AS THE REST OF THE RESPONSE, BUT MUST BE SUBMITTED UNDER SEPARATE COVER IN A SEPARATE SEALED ENVELOPE LABELED “COST PROPOSAL”. FAILURE TO MEET THIS REQUIREMENT MAY RESULT IN DISQUALIFICATION OF THE BID.

In the event the Bidder elects to submit a response to more than one of the four mandates specified in the “Scope of Services” (*see* Section VI.A) the Bidder must submit a separate Cost Proposal as relates to each mandate/product and must identify on the front of the sealed envelope “Cost Proposal for [Insert Mandate Name].” Please also note that the Cost Proposal must have an original signature by a person authorized to bind the firm with respect to this RFR. *See Response Template pages 49-54 for the Cost Proposal submission format.*

3. **Response Provisions.** When responding to this RFR, Bidders should take note of the following provisions:
  - a. The Treasury reserves the right to request additional information from Bidders responding to this request. Additionally, upon reviewing the responses the Treasury may decide to hold oral presentations / interviews and have certain firms make oral presentations/come in for interviews.
  - b. The Treasury reserves the right to reject any and all responses to this request, to waive any minor informality in a response, to request clarification of information from any Bidder responding, and to effect any agreement deemed by the Treasury to be in the Commonwealth’s best interest with one or more of the Bidders responding. The Treasury reserves the right to amend or cancel this RFR at any time.
  - c. All responses and their contents will become the sole property of the Commonwealth/Treasury upon receipt by it and will not be returned to the Bidder.
  - d. The Treasury will not reimburse any Bidder for any costs associated with the preparation or submittal of any response to this request or for any travel and/or per diem incurred in any presentation of such responses.
  - e. The narrative response should address all items included in each section of the non-cost Proposal response (referred to as the Business & Technical Response).
  - f. The written response (content) shall be limited to replies totaling **no more than 25 single pages, printed front and back** (a total of 50 single sided page equivalents) per each mandate (there are four) for which a bidder submits a bid. Any response over this limit, excluding the requested mandatory attachments and exhibits will not be considered
  - g. If the Bidder chooses to provide a response/proposal for more than one mandate, the Bidder need only submit one set of mandatory attachment forms (1 original and 5 USB memory sticks or equivalent USB storage device per Section III.B.1) with the exception of the Attachment A – Cost Proposal and Attachment B, “Representations and Warranties.” In so doing the Bidder agrees that the mandatory attachments, including but not limited to the Commonwealth Standard Contract Form and the Commonwealth Terms and Conditions, are applicable to its proposals for all mandates for which the Bidder has submitted a response.

4. **Disqualification of Responses.** Reasons for disqualification of responses include, but are not limited to:
- a. **Late Proposals:** Proposals that are received after the deadline date and time shall be automatically disqualified.
  - b. **Nonresponsive Proposals:** A response that fails to meet any material term, condition, requirement or procedure of this RFR may be deemed unresponsive and disqualified. The Treasury reserves the right to waive or permit cure of non-material errors or omissions. Non-responsive proposals shall include, but not be limited to those, which fail to address or meet any mandatory item, and those submitted in insufficient number, or in incorrect format.
  - c. **Collusion:** Collusion by two or more Bidders agreeing to act in a manner intended to avoid or frustrate fair and open competition is prohibited and shall be grounds for rejection or disqualification of a proposal or termination of this contract. Bidders will be required to complete a “Certificate of Non-Collusion” as one of the mandatory attachments.
  - d. **Debarred Bidders or Subcontractors:** A Bidder who is currently subject to any Commonwealth or federal debarment order or determination, shall not be considered for evaluation by the PMT. If a Bidder’s proposal is dependent upon the services of a named subcontractor and the disqualification of this named subcontractor would materially alter the proposal, then that proposal shall be deemed unresponsive if the named subcontractor is found to be debarred. Proposals that indicate that subcontractors will be used but do not rely on any specifically named subcontractor shall not be deemed unresponsive if the disqualification of a proposed subcontractor will not materially alter the proposal.

## C. RFR EVALUATION PROCESS

1. **Evaluation Process.** The RFR Evaluation Process will be conducted in three phases. A review team consisting of staff from the Office of the State Treasury and Receiver-General will complete the Phase One Review for all proposal submissions. The purpose of the Phase One Review is to eliminate any bids that are nonresponsive to the requirements of the RFR. Bids that are deemed to be qualified based on the Phase One Review will be submitted to the PMT for additional review (Phase Two Review). Only after the completion of Phase Two will the sealed cost proposal(s) be opened and evaluated as a part of Phase Three. Prior to the final recommendation, the PMT may request a “Best and Final Offer” from some or all of the Bidders. The PMT will consider any Best and Final Offers made in a reevaluation of Phase Three. The PMT will make a recommendation to the State Treasurer and Receiver-General who will then accept or reject the recommendation. **(Phase One, Phase Two, and Phase Three of this RFR will be evaluated separately).**
- a. **Phase One Review:** Bidders’ responses will be reviewed based on listed criteria and completeness of response, including mandatory attachments and compliance to submission criteria (refer to Section V: Phase One Requirements. Bids that do not comply with these components may be rejected and may not proceed to Phase Two Review. The Treasury reserves the right to waive or permit cure of non-material errors or omissions. Staff at the Treasury will conduct this portion of the review. Ensure that every Section of the Response Template is filled in per the Response Template checklist on page 2 of the Response Template, using the instructions in the Response Template and signed (in multiple places) as appropriate.

Bidders responding to multiple mandates of this RFR may submit one set of materials for purposes of Phase One Review, unless otherwise noted. Bidders are also advised, however, that a separate Phase One Review will be conducted for each mandate sought in this RFR (*i.e.*



Active Large Cap Value, Active Large Cap Blend, Active Small Cap Equity and Active REIT management services), for which the Bidder submits a response.

- b. **Phase Two Review:** Qualified bids, based on the Phase One Review, will be considered for additional review in Phase Two. The Phase Two Review will be conducted for each of the four mandates of this RFR. Scoring criteria for the evaluation of proposals will be as follows:
- 10% – Stability and General Experience of the Firm (Subsections A & B of each Questionnaire in the Response Template)
  - 35% – Skill, Talent and Experience of Personnel (Subsection C of each Questionnaire in the Response Template)
  - 25% – Philosophy / Process ( Subsection D &E of each Questionnaire in the Response Template)
  - 20% - Historical Performance (Subsection F of each Questionnaire in the Response Template)
  - 5% – Invest in Massachusetts. All responsive Bidders/Proposers **must** submit with their bids an *Invest in Massachusetts Data Form* (“IMD Form”). See Response Template page 44 “Invest in Massachusetts – Instructions” Attachment for further information.
  - 5% – Treasury Supplier Diversity Program (TSDP). The Office of the State Treasurer and Receiver-General requires all responsive Bidders to submit a *Treasury Supplier Diversity Program Plan Form* (“TSDP Plan Form”) with its response. (See Response Template page 44 “Treasury Supplier Diversity Program Instructions” Attachment for further information on the TSDP Plan Form, and how this section will be scored).
- c. **Phase Three Review:** The Phase Three Review will be conducted for each of the four mandates sought in this RFR. Cost will be evaluated in relationship to the Phase Two Review and scoring of Bidders' responses. The Phase Two score will represent 80% and Cost will represent 20% of the Phase Three score in order to determine “best value.” The successful bid will be determined based on the one that represents the "best value" overall and achieves the procurement goals.
- 20% – Cost Proposal: cost will be evaluated based on the fee for services provided. 18% allocated to “The Plan” and 2% to the Non-Profits.
  - 80% – Phase Two Criteria. The total Phase Two score will represent 80% of the Phase Three score.

For the Phase Two and Three reviews, the PMT will review and score responses to each of the four mandates separately.

This procurement involves four separate and distinct mandates: ACTIVE LARGE CAP VALUE, ACTIVE LARGE CAP BLEND, ACTIVE REIT and ACTIVE SMALL CAP EQUITY. The Treasury reserves the right to make one or more selections for each of the separate mandates depending on the diversity needs of the Treasury and the quality of the individual responses. The Treasury also reserves the right to award multiple mandates to one or multiple bidders.

#### ORAL PRESENTATIONS / INTERVIEWS.

After completion of Phase One and Phase Two but prior to Phase Three, the PMT shall have the option to invite all or some Bidders to make oral presentations/come in for interviews separately with respect to each mandate. Oral presentations/interviews provide the PMT with an opportunity to evaluate the Bidder through the presentation of their proposal. **The PMT will make the decision on whether or not to have Bidders in for oral presentations/interviews. The decision to engage in oral interviews will solely be in the purview of the PMT. Based upon scores determined during the initial Phase II evaluations of firm's responses to the Phase II technical questions; it will be within the full discretion of the PMT to determine the cutoff for top scoring firms to move onto the oral interviews. Only firms that receive an invitation to participate in oral presentations/interviews will proceed to the Phase III cost evaluation. Firms not receiving an invitation to oral interviews will be eliminated.**

Bidders will not be informed of their rank at the time of the oral presentation/interview. Additionally, the PMT reserves the right to adjust any Phase II score following any Oral Presentation/Interview, and before proceeding on to Phase III.

The time allotments and the format shall be the same for all oral presentations/interviews. The PMT will give the Bidder at least three (3) business days' prior notice regarding the date of an oral presentation/interview. The PMT may waive the location and medium requirements of an oral presentation/interview upon the written request of a Bidder due to special hardships, such as a Bidder with disabilities or limited resources. In these circumstances the PMT may conduct oral presentations through an alternative written or electronic medium (e.g., telephone, videoconference, TTY or Internet). The PMT may require the Bidders assign key personnel to conduct the oral presentation/interview.

A Bidder is limited to the presentation of material contained in its proposal, with the limited exception that a Bidder may address specific questions posed by the PMT or provide clarification of information contained in its proposal. Any correction or modification of the proposal or the presentation of supplemental information shall be considered prejudicial to the interests of other Bidders and fair competition and shall not be permitted. A Bidder's attempt to submit such corrections, modifications or supplemental information during an oral presentation/interview may subject the Bidder's proposal to disqualification. A Bidder's failure to agree to an oral presentation/interview may result in disqualification from further consideration. Oral presentations may be recorded by the Treasury as a matter of public record.

2. **On-Site Visits (Optional).** The PMT reserves the right to conduct on-site inspections of any or all Bidder locations at any time prior to the awarding of this contract to verify the Bidder's ability to perform the services required. The PMT shall schedule the time of these site visits and shall provide notice of at least three (3) business days before a visit. Failure to agree to a site visit may result in disqualification of a Bidder's proposal. Only those firms that were evaluated in Phase II and were invited for an oral presentation / interview will be the subject of an on-site inspection, in the event the PMT elects to conduct such an on-site inspection.

## **IV. SPECIFICATIONS, REQUIREMENTS & COMPONENTS**

**By submitting a Response to the RFR, the Bidder agrees to and agrees to comply with all of the RFR required specifications, components and requirements listed below in Sections IV A & B:**

### **A. RFR REQUIRED SPECIFICATIONS**

1. **Alternatives.** A response which fails to meet any material term or condition of the RFR, including the submission of required attachments, may lose points or be deemed unresponsive and disqualified. Unless otherwise specified, Bidders should submit responses proposing alternatives that provide equivalent, better or more cost-effective performance than achievable under the stated RFR specifications. These alternatives may include related services that may be available to enhance performance during the period of the contract. The response should describe how any alternative achieves substantially equivalent or better performance to that of the RFR specifications. The Treasury will determine if a proposed alternative method of performance achieves substantially equivalent or better performance. The goal of this RFR is to provide the best value of commodities and services to achieve the procurement goals of the Treasury. Bidders that propose discounts, uncharged commodities and services or other benefits in addition to the RFR specifications may receive a preference or additional points under this RFR as specified.
2. **Best Value Selection and Negotiation.** The PMT and/or the State Treasurer and Receiver-General may select the response(s) that demonstrates the “Best Value” overall.
3. **Bidder Communication.** Bidders are prohibited from communicating directly with any employees of the Treasury or any member of the PMT regarding this RFR and may be disqualified for doing so at the determination of the PMT, except as specified in this RFR, and no other individual Commonwealth employee or representative is authorized to provide any information or respond to any question or inquiry concerning this RFR. Bidders may communicate with the contact person for this RFR in the event this RFR is incomplete or the Bidder is having trouble obtaining any required attachments electronically through Comm-PASS.

In addition, Bidders that intend to submit a bid/proposal should not discuss this RFR with members of the Deferred Compensation Plan Committee, employees of the Pension Reserves Investment Management Board (“PRIM”), or any employee of the Commonwealth’s current third-party administrator (Great-West Retirement Services), investment managers, consultants (Hewitt EnnisKnupp), legal counsel or other advisors.

4. **Brand Name or Equal.** Unless otherwise specified in this RFR, any reference to a particular trademark, trade name, patent, design, type, specification, producer or supplier is not intended to restrict this RFR to any manufacturer or proprietor or to constitute an endorsement of any service. The Treasury will consider clearly identified offers of substantially equivalent services submitted in response to such reference.
5. **Comm-PASS.** Comm-PASS is the official system of record for all procurement information which is publicly accessible at no charge at [www.comm-pass.com](http://www.comm-pass.com). Information contained in this document and in each tab of the Solicitation, including file attachments, and information contained in the related Bidders’ Forum(s), are all components of the Solicitation.

Bidders are solely responsible for obtaining all information distributed for this Solicitation via Comm-PASS, by using the free Browse and Search tools offered on each record-related tab on the main navigation bar (Solicitations and Forums). Forums support Bidder submission of written questions associated with a Solicitation and publication of official answers. All records on Comm-PASS are comprised of multiple tabs, or pages. For example, Solicitation records contain Summary, Rules, Issuer(s), Intent or Forms & Terms and Specifications, and Other Information tabs. Each tab contains data and/or file attachments provided by the Procurement Management Team. All are incorporated into the Solicitation.

It is each Bidder’s responsibility to check Comm-PASS for:

- Any addenda or modifications to this Solicitation, by monitoring the “Last Change” field on the Solicitation’s Summary tab, and
- Any Bidders’ Forum records related to this Solicitation (see Locating a Online Bidders’ Forum for information on locating these records).

The Commonwealth accepts no responsibility and will provide no accommodation to Bidders who submit a Response based on an out-of-date Solicitation or on information received from a source other than Comm-PASS.

Bidders may not alter (manually or electronically) the RFR language or any RFR component files. Modifications to the body of the RFR, its specifications, or terms and conditions, which change the intent of this RFR are prohibited and may disqualify a response.

6. **Comm-PASS SmartBid Subscription.** Bidders may elect to obtain an optional SmartBid subscription which provides value-added features, including automated email notification associated with postings and modifications to Comm-PASS records. When properly configured and managed, SmartBid provides a subscriber with:
  - A secure desktop within Comm-PASS for efficient record management;
  - A customizable profile reflecting the subscriber's product/service areas of interest;
  - A customizable listing in the publicly accessible Business Directory, an online "yellow-pages" advertisement;
  - Full-cycle, automated email alert whenever any record of interest is posted or updated;
  - Access to Online Response Submission, when allowed by the Issuer, to support: paperless bid drafting and submission to an encrypted lock-box prior to close date; electronic signature of OSD forms and terms; agreement to defer wet-ink signature until Contract award, if any; withdrawal of submitted bids prior to close date; and online storage of submitted bids.

Every public purchasing entity within the borders of Massachusetts may post records on Comm-PASS at no charge. Comm-PASS has the potential to become the sole site for all public entities in Massachusetts. SmartBid fees are only based on and expended for costs to operate, maintain and develop the Comm-PASS system.

7. **Conflict of Interest.** Prior to award of any contract, the Bidder/Vendor shall certify in writing to the procuring agency that no relationship exists between the Bidder/Vendor and the procuring or contracting agency that interferes with fair competition or is a conflict of interest, and no relationship exists between the Bidder/Vendor and another person or organization that constitutes a conflict of interest with respect to a state contract. No official or employee of the Commonwealth who exercises any function or responsibility in the review or approval of the undertaking or carrying out of this project shall, prior to the completion of the project, voluntarily acquire any personal interest, either directly or indirectly, in this contract or proposed contract.

The Bidder shall provide assurance that it presently has no interest and shall not acquire any interest, either directly or indirectly, which will conflict in any manner or degree with the performance of its services hereunder. The Bidder shall also provide assurances that no person having any such known interests shall be employed during the performance of this contract.

8. **Costs.** Costs that are not specifically identified and defined in the Bidder's response, and accepted by the Treasury as part of a Contract, will not be compensated under any Contract awarded pursuant to this RFR. The Commonwealth will not be responsible for any costs or expenses incurred by Bidders responding to this RFR.
9. **Electronic Communication/Update of Bidder's/Contractor's Contact Information.** It is the responsibility of the prospective Bidder and awarded Contractor to keep current the E-mail address of the Bidder's contact person and prospective contract manager, if awarded a contract, and to monitor that E-mail inbox for communications from the PMT, including requests for clarification. The PMT and the Commonwealth assume no responsibility if a prospective Bidder's/awarded Contractor's designated E-mail address is not current, or if technical problems, including those with the prospective Bidder's/awarded Contractor's computer, network or Internet service provider (ISP) cause E-mail communications sent to/from the prospective Bidder/awarded Contractor and the PMT to be lost or rejected by any means including E-mail or spam filtering.

- 10. Environmental Response Submission Compliance.** In an effort to promote greater use of recycled and environmentally preferable products and minimize waste, all responses submitted should comply with the following guidelines:
- All copies should be printed double sided.
  - All submittals and copies should be printed on recycled paper with a minimum post-consumer content of 30% or on tree-free paper (i.e., paper made from raw materials other than trees, such as kenaf). To document the use of such paper, a photocopy of the ream cover/wrapper should be included with the response.
  - Unless absolutely necessary, all responses and copies should minimize or eliminate use of non-recyclable or non-reusable materials such as plastic report covers, plastic dividers, vinyl sleeves, and GBC binding. Three ringed binders, glued materials, paper clips, and staples are acceptable.
  - Bidders should submit materials in a format which allows for easy removal and recycling of paper materials.
  - Bidders are encouraged to use other products that contain recycled content in their response documents. Such products may include, but are not limited to, folders, binders, paper clips, diskettes, envelopes, boxes, etc. Where appropriate, bidders should note which products in their responses are made with recycled materials.
  - Unnecessary samples, attachments, or documents not specifically asked for should not be submitted.
- 11. Estimated Provisions.** The Treasury makes no guarantee that any commodities or services will be purchased from any contract resulting from this RFR. Any estimates and/or past or current procurement volumes referenced in this RFR are included only for the convenience of Bidders, and are not to be relied upon as any indication of future purchase levels.
- 12. HIPAA: Business Associate Contractual Obligations.** Bidders are notified that any department meeting the definition of a Covered Entity under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) will include in the RFR and resulting contract sufficient language establishing the successful bidder's contractual obligations, if any, that the department will require in order for the department to comply with HIPAA and the privacy and security regulations promulgated thereunder (45 CFR Parts 160, 162, and 164) (the Privacy and Security Rules). For example, if the department determines that the successful bidder is a business associate performing functions or activities involving protected health information, as such terms are used in the Privacy and Security Rules, then the department will include in the RFR and resulting contract a sufficient description of business associate's contractual obligations regarding the privacy and security of the protected health information, as listed in 45 CFR 164.314 and 164.504 (e), including, but not limited to, the bidder's obligation to: implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the protected health information (in whatever form it is maintained or used, including verbal communications); provide individuals access to their records; and strictly limit use and disclosure of the protected health information for only those purposes approved by the department. Further, the department reserves the right to add any requirement during the course of the contract that it determines it must include in the contract in order for the department to comply with the Privacy and Security Rules. Please see other sections of the RFR for any further HIPAA details, if applicable.
- 13. Minimum Bid Duration.** Bidder responses/bids made in response to this RFR must remain in effect for 200 days from the date of bid submission.
- 14. Public Records.** All responses and information submitted in response to this RFR are subject to the Massachusetts Public Records Law, Massachusetts General Laws ("M.G.L."), Chapter 66, Section 10, and Chapter 4, Section 7, Subsection 26. Any statements in submitted responses that are inconsistent with these statutes will be disregarded. Bidders are advised that all proposals are deemed sealed, and therefore their contents will be treated as confidential and will not be disclosed

to competing Bidders until the evaluation process has been completed, the contract has been awarded and negotiations are finalized.

15. **Reasonable Accommodation.** Bidders with disabilities or hardships that seek reasonable accommodation, which may include the receipt of RFR information in an alternative format, must communicate such requests in writing to the RFR contact person. Requests for accommodation will be addressed on a case-by-case basis. A Bidder requesting accommodation must submit a written statement which describes the Bidder's disability and the requested accommodation to the contact person for the RFR. The PMT reserves the right to reject unreasonable requests.
16. **Restriction on the Use of the Commonwealth Seal.** Bidders and contractors are not allowed to display the Commonwealth of Massachusetts Seal in their bid package or in any subsequent marketing materials if they are awarded a contract. Use of the coat of arms and the Great Seal of the Commonwealth for advertising or commercial purposes is prohibited by law.
17. **Prohibition Against Selling or Distributing Information.** Any Bidder awarded a contract under this RFR is prohibited from selling or distributing any information collected or derived from the contract and/or procurement process, including lists of participating or eligible Commonwealth of Massachusetts employee names, telephone numbers, email addresses or mailing addresses.

## **B. COMPONENTS OF PROCUREMENT**

1. **Duration and Renewal Options.** The Treasury intends to enter into a five (5) year contract with the selected Bidder(s) for the services solicited in this RFR. The Treasury may, at its option, extend the contract for additional one year period(s) for a maximum contract term not exceeding ten (10) years, under the same or better terms and conditions as negotiated if deemed in the best interest of the Commonwealth. Bidders who offer price guarantees for the life of the contract will be held to that offer or such better terms as are negotiated.
2. **Acquisition Method.**

<input type="checkbox"/> Outright Purchase	<input type="checkbox"/> Tax-exempt Lease Purchase
<input type="checkbox"/> License	<input type="checkbox"/> Term Lease
<input checked="" type="checkbox"/> Fee for Service	<input type="checkbox"/> Lease Purchase
	<input type="checkbox"/> Rental (not to exceed 6 months)
	<input type="checkbox"/> Other (specify)
3. **Single or Multiple Contracts.** The State Treasurer and Receiver-General reserves the right to award the contract to a single vendor or multiple vendors, in the best interest of the Office of the State Treasurer and Receiver-General and the Commonwealth of Massachusetts Deferred Compensation Plan. The Bidder must agree to cooperate with such other Bidders, and must not commit or permit any act that may interfere with the performance of work by any other Bidder.
4. **Contract Guidelines.** (Those that apply are checked.)

<input checked="" type="checkbox"/> Only the Office of the State Treasurer and Receiver-General may contract under RFR
<input type="checkbox"/> Option to allow other Departments/political subdivisions to contract under RFR
<input type="checkbox"/> Statewide Contract
<input type="checkbox"/> Multi-Treasury User Contract
<input type="checkbox"/> Pre-Qualification List
5. **Contract Performance and Additional Business Specifications.**

- a. **Evaluation and Selection of Contractor.** The Treasury shall have sole authority to evaluate and make the final selection of Bidder(s) for contract negotiation(s) pursuant to this RFR. The selection will be made after evaluation of both technical and cost proposals by the PMT and final approval by the State Treasurer and Receiver-General.
- b. **Change in Terms.** The Treasury reserves the right to modify the specifications identified in the RFR at any time prior to the closing date. The Treasury reserves the right to negotiate with the selected Bidder(s) as to any element of cost or performance, including without limitation, elements identified in the RFR and/or the selected Bidder's response in order to achieve the best value for the Commonwealth. The Treasury reserves the right to request from any Bidder a "best and final offer" as to the Bidder's proposal or cost proposal.
- c. **Termination or Suspension.** Vendor/Contractor's services may be terminated or suspended from the Office of the State Treasurer and Receiver-General's contract for various reasons, including but not limited to poor performance, failure to perform, fraud, loss of key personnel assigned to the product, deviation from the investment philosophy and process, non-compliance with investment guidelines or other cause immediately upon written notice by the Treasury. Vendors/contractors may be terminated from the contract without cause upon thirty (30) days prior written notice. The Vendor/Contractor may not terminate the contract or performance thereunder except upon a minimum of 180 days written notice to the Treasury. Other terms regarding contract termination are subject to negotiation between the selected Bidder(s) and the Treasury.
- d. **Permits and Compliance.** The Vendor/Contractor shall procure and pay for all permits, licenses and approvals necessary to perform the services solicited in this RFR. The Vendor/Contractor shall comply with all applicable laws, ordinances, rules, orders and regulations related to the performance of the services solicited. The Treasury may, at its option, request documentation evidencing the Vendor/Contractor's compliance.
- e. **Rejection of Proposals.** The Treasury reserves the right to reject any and all proposals submitted under this solicitation.
- f. **Fees Subject to Office of the State Treasurer and Receiver-General Signatory Authorization.** All fees must be approved by the State Treasurer and Receiver-General or his designee and are subject to verification of performance.
- g. **Confidentiality Policy Regarding Bidder's Support Staff and/or Vendors.** The Treasury may require Bidders' support staff or outside vendors to sign a confidentiality agreement for the confidential information they will have or have access to.
- h. **Subcontracting Policies.** Prior approval of the Treasury is required for any subcontracted service of the contract. Contractors are responsible for the satisfactory performance and adequate oversight of its subcontractors. Human and social service subcontractors are also required to meet the same state and federal financial and program reporting requirements and are held to the same reimbursable cost standards as contractors.
- i. **Concurrent Contracts Running (Renewals and Transitions).** The Treasurer and Receiver-General shall cancel the contract if funds are not appropriated or otherwise made available to support continuation of performance in any fiscal year succeeding the first year or if satisfactory performance by the contractor does not ensue. The Treasurer and Receiver-General will also have the right to sole discretion in exercising an option to renew, which will not be subject to contractor acceptance or agreement. Any assistance required for this transition must be provided in a smooth and timely manner. If at any time the contract is canceled, terminated or expires, and a contract is subsequently executed with a firm other than the contractor, the contractor has the affirmative obligation to assist in the smooth transition of contract services to the subsequent contractor.

- j. **Pricing: Price Limitation:** The Bidder must agree that no other state or public entity customer within the United States of similar size and with similar terms and conditions shall receive a lower price for the same commodity and service during the contract period, unless this same lower price is immediately effective for the Commonwealth. If the Commonwealth believes that it is not receiving this lower price as required by this language, the Bidder must agree to provide current or historical pricing offered or negotiated with other state or public entities at any time during the contract period in the absence of proprietary information being part of such contracts.
- k. **Submission of Proposal Materials and Oral Presentation.** All materials, representations and submissions made within the proposal and at the oral presentation are subject to becoming part of the contract binding the selected Bidder to uphold the materials, representations and submissions made by the selected Bidder within the proposal and at the oral presentations.
- l. **Fiduciary Status of the Consultant; Chapter 268A.** With respect to the performance of its duties and responsibilities hereunder, if awarded the contract, the Bidder/Consultant/contractor/firm acknowledges that it is a fiduciary, and that the Bidder/Consultant/contractor/firm will discharge its duties and responsibilities under this Agreement in accordance with the fiduciary standards of conduct and other requirements as they apply to the Bidder/Consultant/contractor/firm. The Bidder/Consultant/contractor/firm is advised of the existence of Massachusetts General Laws, Chapter 268A (the Massachusetts "Conflict of Interest" statute), and is required to act and perform its duties in accordance with such provisions.

## V. PHASE ONE REQUIREMENTS

Compliance with all criteria listed below is **mandatory** in order for a bid to be accepted for further review. Lack of compliance with the Phase I criteria may disqualify the Bidder. Phase One of Bidder's response should demonstrate compliance with each of the conditions qualifying an institution to propose as outlined below.

### A. MINIMUM QUALIFICATIONS

Bidders submitting Proposals must meet the minimum qualifications identified in the Response Template pages 5-6 to be given further consideration in the Office of the State Treasurer and Receiver-General's search for investment manager(s). Failure of a Bidder to meet the minimum qualifications applicable to this RFR for active large cap value, active large cap blend, active REIT and active small cap equity investment management services may result in immediate rejection. Check each minimum qualification that your firm meets. If your firm meets the qualification (by checking the box), state your basis for an affirmative assertion. **Please be advised that Bidders are requested to specifically describe how the Bidder meets each of these minimum qualifications. Bidder may elaborate on its responses to this section on the "Representations and Warranties" attachment.**

### B. LEGAL AND OTHER REQUIREMENTS

As required in the Response Template pages 7-8.

### C. MANDATORY ATTACHMENTS AND ENCLOSURES



Phase One of the Bidder's response shall include the completed mandatory attachments listed in the Response Template pages 37-48. The Response template and the subject forms can also be found on Comm-PASS with this RFR. All mandatory attachments should be signed by an individual with the authority to bind the Firm, and the "originals" should have an original signature in blue ink.

## VI. SCOPE OF SERVICES & PHASE TWO QUESTIONNAIRES

### A. SCOPE OF SERVICES

The purpose of this Request for Response is to select one or more firms to provide active large cap value, active large cap blend, active REIT, and active small cap equity investment management services for the Commonwealth of Massachusetts 457 Deferred Compensation Plan.

1. **ACTIVELY MANAGED LARGE CAP VALUE:**  
Investment objective is long-term total return benchmarked against the Russell 1000 Value Index or equivalent.  
(mandate size is over \$124 million as of 03/31/2013).
2. **ACTIVELY MANAGED LARGE CAP BLEND:**  
Investment objective is long-term total return benchmarked against the S & P 500 or Russell 1000 Index or equivalent  
(mandate size is over \$586 million as of 03/31/2013)
3. **ACTIVELY MANAGED REIT**  
Investment objective is long-term total return benchmarked against the FTSE NAREIT Equity REIT's Index or equivalent.  
(mandate size is over \$124 million as of 03/31/2013)
4. **ACTIVELY MANAGED SMALL CAP:**  
Investment objective is long-term total return benchmarked against the Russell 2000 Index or equivalent  
(mandate size is over \$402 million as of 03/31/2013)

**NOTE:** The Treasury may, at its option, select more than one investment manager(s) to provide investment management services for each of the above-referenced mandates. **The Treasury further reserves the right to select a manager(s) that represent "best value" for the Plan and Plan participants.**

If multiple managers are selected for any mandate, the PMT reserves the right to allocate the percentage of assets across managers that would represent "best value" to plan participants based on an analysis of the managers, investment styles, philosophy and performance.

All mandates will be funded immediately after investment manager selection, the conclusion of contract negotiations and contract execution. The Treasury reserves the right to select the investment vehicle(s) that is in the best interest of the participants (i.e. mutual fund institutional class shares, institutional commingled fund, separate account, etc.).

#### **Commonwealth-Sponsored Retirement Plan for Employees of Non-Profit Organizations**

The State Treasurer and Receiver-General reserves the right to contract with the Bidder(s) that are awarded the contract(s) under this RFR and who contract with the Commonwealth's Deferred Compensation Plan, to provide the same or similar services contemplated by this RFR, under the same or similar terms for any Commonwealth sponsored retirement plan(s) established for employees of non-profit organizations. (Established under Chapter 60 of the Acts of 2012). The Office of the State Treasurer and Receiver-General, at the direction of the State Treasurer and Receiver-General, may at its option contract with such Bidder(s) for such services contemplated under this RFR, for the alternate retirement plan established under Chapter 60 of the Acts of 2012

## **B. PHASE TWO QUESTIONNAIRES**

See Response Template pages 12 – 36. Please note that there is a separate questionnaire for each mandate.

**Attachment A**  
**COST PROPOSAL**

Please see Response Template pages 49-54

**Attachment B**  
**REPRESENTATIONS AND WARRANTIES**

Please see Response Template page 9

**Attachment C**  
**COMMONWEALTH OF MASSACHUSETTS**  
**OFFICE OF THE STATE TREASURER AND RECEIVER-GENERAL**  
**DISCLOSURE STATEMENT**

Please see Response Template pages 10-11

## **Appendix A**

### **TREASURER'S PRINCIPAL BOARDS, COMMISSIONS AND AUTHORITIES\***

1. Finance Advisory Board - M.G.L. c. 6, § 97-8
2. Advisory Board to the Comptroller - M.G.L. c. 7A, § 2
3. Investment Advisory Council - M.G.L. c. 10, § 5B
4. State Retirement Board - M.G.L. c. 10, § 18
5. State Lottery Commission - M.G.L. c. 10, § 23
6. Board of Bank Incorporation - M.G.L. c. 26, § 5  
(Division of Banks and Loan Agencies)
7. Water Pollution Abatement Trust - M.G.L. c. 29C, §2
8. Pension Reserves Investment Management Board - M.G.L. c. 32, § 23(2A)
9. Massachusetts Convention Center Authority - Chapter 190 of the Acts of 1982 §31-48
10. Massachusetts School Building Authority – M.G.L. c. 70B, §§ 1A & 3A; *see also* M.G.L. c. 10, § 35BB
11. Teachers' Retirement Board – M.G.L. c. 15, § 16
12. Alcoholic Beverages Control Commission – M.G.L. c. 10, § 70
13. Commonwealth Covenant Fund – M.G.L. c. 10, § 35EE
14. Health Care Security Trust – M.G.L. c. 10, § 4
15. Commissioners on fireman's relief – M.G.L. c. 10, § 21
16. Retirement Law Commission – M.G.L. 10, §35I

\*Positions on these Boards, Commissions or Authorities may be held by the State Treasurer and Receiver General, his designee, or an individual appointed by him.